



House Bill No. 6832

Public Act No. 05-27

**AN ACT CONCERNING THE FIELD OF MEMBERSHIP OF A
CONNECTICUT CREDIT UNION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 36a-438a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(a) (1) Except as provided in subdivision (2) of this subsection, the field of membership of a Connecticut credit union is limited to (A) a single common bond membership, (B) a multiple common bond membership, or (C) persons within a well-defined community, neighborhood or rural district.

(2) The field of membership of a Connecticut credit union may include (A) members of the immediate family or household of all persons included under subparagraphs (A), (B) and (C) of subdivision (1) of this subsection, (B) organizers and employees of such credit union, (C) the surviving spouse of a deceased member of such credit union, and (D) notwithstanding any change in employment, occupation, residence or other condition initially controlling the eligibility for membership in any Connecticut credit union, any person properly admitted to membership in a Connecticut credit union. Such person may continue membership therein during such person's

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lifetime.

(3) The field of membership of a Connecticut credit union under subparagraphs (A) and (B) of subdivision (1) of this subsection may include associations and organizations of individuals who are members of such credit union, partnerships in which the majority of the partners are individuals who are members of such credit union and, corporations in which the majority of whose shareholders are individuals who are members of such credit union.

(4) The field of membership of a Connecticut credit union under subparagraph (C) of subdivision (1) of this subsection may include groups located outside of the well-defined community, neighborhood or rural district such credit union serves that were within such credit union's field of membership at the time it converted from a field of membership specified in subparagraph (A) or (B) of said subdivision (1), provided such credit union's continuing relationships with such groups are not exclusive and, if authorized under this chapter, other Connecticut credit unions may also provide services to such groups. The commissioner may not approve an amendment to the bylaws of such a credit union under this subdivision unless the commissioner determines in writing that any potential harm that the expansion of the field of membership of such credit union may have on any other Connecticut credit union and its members is clearly outweighed in the public interest by the probable beneficial effect of the expansion in meeting the convenience and needs of the members of the group proposed to be included in the field of membership.

(b) Notwithstanding the provisions of subsection (a) of this section, the commissioner may authorize a Connecticut credit union with a multiple common bond membership to include in its field of membership any person within a well-defined community, neighborhood or rural district if:

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(1) The commissioner determines that the well-defined community, neighborhood or rural district is (A) an investment area, as defined in Section 103(16) of the Community Development Banking and Financial Institutions Act of 1994, 12 USC Section 4702(16), and meets any additional requirements that the commissioner may impose; and (B) underserved by other depository institutions, as defined in Section 19(b)(1)(A) of the Federal Reserve Act, 12 USC Section 461(b), based on data of the commissioner and federal supervisory agencies; and

(2) The Connecticut credit union establishes and maintains a main office or branch in the well-defined community, neighborhood or rural district at which credit union services are available.

(c) Any Connecticut credit union that is so authorized to expand its field of membership under subsection (b) of this section continues as a Connecticut credit union whose field of membership is limited to a multiple common bond membership.

(d) (1) The commissioner may not approve an amendment to the bylaws of a Connecticut credit union with a multiple common bond membership to expand its field of membership to add a group of five hundred or more potential members, excluding individuals who are potentially eligible as members of the immediate family or household of a potential member, or persons within a well-defined community, neighborhood or rural district, unless the commissioner determines in writing that (A) the Connecticut credit union has not engaged in any material unsafe or unsound practice during the one-year period preceding the date on which the proposed amendment is filed with the commissioner, (B) the Connecticut credit union is adequately capitalized, (C) the Connecticut credit union has the administrative capability to serve the proposed membership group and the financial resources to meet the need for additional staff and assets to serve the new membership group, (D) any potential harm that the expansion of the field of membership of the Connecticut credit union may have on

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any other Connecticut credit union and its members is clearly outweighed in the public interest by the probable beneficial effect of the expansion in meeting the convenience and needs of the members of the group proposed to be included in the field of membership, and (E) formation of a separate credit union by the group proposed to be included is not practicable and consistent with reasonable safety and soundness standards. A Connecticut credit union whose field of membership is limited to a single common bond membership or multiple common bond membership that acquires as potential members persons within a well-defined community, neighborhood or rural district, other than the well-defined community, neighborhood or rural district specified in subdivision (1) of subsection (b) of this section, by merger, expansion or otherwise, shall become a Connecticut credit union whose field of membership is limited to persons within a well-defined community, neighborhood or rural district.

(2) The commissioner may withhold or condition an approval of an amendment to the bylaws sought by a community credit union, as defined in section 36a-37, under this subsection pursuant to the provisions of section 36a-37d.

(3) The commissioner may approve an amendment to the bylaws of a Connecticut credit union to change the field of membership without regard for the common bond whenever the commissioner determines that continued operation of the Connecticut credit union without the proposed amendment may result in liquidation or merger of such credit union.

Approved May 9, 2005